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FM USEU BRUSSELS
TO SECSTATE WASHDC IMMEDIATE
INFO ALLEU COLLECTIVE
AMEMBASSY BEIRUT
AMEMBASSY DAMASCUS
AMEMBASSY TEL AVIV
AMEMBASSY CAIRO
AMEMBASSY TUNIS

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 08603

E.O. 12356:DECL: OADR
TAGS: [PGOV](#) [PINR](#) [PHUM](#) [PTER](#) [LE](#) [RAID](#)
SUBJECT: LEBANESE AMBASSADOR FAWZI SALLOUKH CAUTIOUS
ABOUT PROGRESS IN THE SYRIAN/LEBANESE TRACKS OF THE
MIDDLE EAST PEACE TALKS

11. CONFIDENTIAL - ENTIRE TEXT.

12. SUMMARY. FAWZI SALLOUKH, LEBANESE AMBASSADOR TO THE
EU AND BELGIUM, PAID A COURTESY CALL AUGUST 1 ON
AMBASSADOR EIZENSTAT. SALLOUKH HAS BEEN IN BRUSSELS
SINCE LAST APRIL AND HAS FOUND THE PACE LESS HECTIC THAN
AT HIS LAST POST--WHICH WAS VIENNA--WHERE HE HAD TO
COVER A BROADER RANGE OF ISSUES. THE LESS HECTIC PACE
ALSO APPEARS TO BE THE RESULT OF "THIN" EU-LEBANESE
TIES, WHICH ARE UNLIKELY TO GROW STRONGER SO LONG AS
LEBANON REMAINS OUTSIDE THE MULTILATERAL TALKS.
SALLOUKH BLAMED TEL AVIV FOR THE LACK OF PROGRESS IN THE
ISRAELI-LEBANESE BILATERALS, ASSERTING BEIRUT COULD
DISARM HIZBALLAH ONCE THE ISRAELIS LEAVE SOUTHERN
LEBANON. END SUMMARY.

SALLOUKH BELIEVES ASAD HAS TIME TO WAIT

13. AMBASSADOR EIZENSTAT ASKED ABOUT PROSPECTS FOR THE
MIDDLE EAST PEACE PROCESS GIVEN THE RECENT
ISRAELI-JORDANIAN AGREEMENT. SALLOUKH AGREED THAT
DEVELOPMENTS WERE PROMISING AND WAS OPTIMISTIC ABOUT AN
EVENTUAL SETTLEMENT, BUT SAID SYRIAN PRESIDENT ASSAD HAS
THE ABILITY TO "WAIT." THE ISRAELI-JORDANIAN AND
ISRAELI-PLO ACCORDS CONSTITUTE TWO "POSITIVE STEPS
FORWARD," BUT COULD NOT BE CONSIDERED THE "FINAL
SOLUTION" TO THE PROBLEM. HE ALSO WARNED AGAINST A
STEP-BY-STEP APPROACH--SUCH AS FOLLOWED IN THE
ISRAELI-PALESTINIAN CASE--TO SOLVING THE
ISRAELI-SYRIAN/LEBANESE DIFFERENCES.

14. ONCE THERE IS A RESOLUTION, HE SAW NORMALIZATION OF
ISRAELI-SYRIAN AND ISRAELI-LEBANESE TIES AS HAVING THE
POTENTIAL TO PROCEED MORE RAPIDLY THAN HAPPENED FOR
EGYPT AND ISRAEL AFTER THE CAMP DAVID ACCORDS. HE SAID,
THOUGH, THAT ISRAEL MIGHT BE "AFRAID" OF THE POTENTIAL
FOR ISRAELI-LEBANESE ECONOMIC COMPETITION. HE FELT, IN
PARTICULAR, THAT LEBANESE AND ISRAELI AGRICULTURE WOULD
BE COMPETITORS.

15. SALLOUKH SAID LEBANESE PARTICIPATION IN THE
MULTILATERALS DEPENDS ON PROGRESS IN THE BILATERALS,
WHICH IN TURN IS PREDICATED ON THE "UNCONDITIONAL
WITHDRAWAL" OF ISRAELI TROOPS FROM THE SOUTHERN SECURITY
ZONE. SALLOUKH SAID THE LEBANESE GOVERNMENT THOUGHT ITS
LEVERAGE IN THE BILATERAL NEGOTIATIONS WOULD BE WEAKENED
BY JOINING THE MULTILATERALS. SALLOUKH, NEVERTHELESS,
TRIES TO KEEP HIS GOVERNMENT ABREAST OF DEVELOPMENTS IN
THE MULTILATERAL TRACK BY SENDING BACK REPORTS ON THEIR
PROGRESS. HE SAID THE EU WAS HELPFUL IN THIS REGARD BY
GIVING HIM READOUTS OF THE VARIOUS MULTILATERAL
MEETINGS.

16. IN RESPONSE TO AMBASSADOR EIZENSTAT'S QUESTION,
SALLOUKH WAS CONFIDENT THAT, IF ISRAEL WITHDRAWS,
LEBANESE AUTHORITIES COULD REASSERT CONTROL OVER
SOUTHERN LEBANON AND DISARM THE HIZBALLAH. HE SAID
LEBANON CANNOT DISARM HIZBALLAH NOW BECAUSE IT WOULD BE

SEEN AS A "TRAITOROUS" ACT BY THE LOCAL POPULATION IN VIEW OF THE ISRAELI "OCCUPATION." ONCE THE ISRAELIS LEFT, SALLOUKH SAID SYRIAN TROOPS WOULD ALSO WITHDRAW. SALLOUKH REFERRED TO A RECENT STATEMENT BY THE GOVERNMENT WHICH AFFIRMED ITS INTENT TO DEPLOY 25,000 TROOPS TO SOUTHERN LEBANON IF ISRAELI TROOPS WOULD LEAVE. IN RESPONSE TO THE AMBASSADOR'S CONDEMNATION OF THE RECENT TERRORIST ATTACKS IN LONDON AND LATIN AMERICA, SALLOUKH UNDERLINED LEBANESE CONDEMNATION OF ALL "KILLINGS," BUT SAID THERE WAS NO EVIDENCE OR PROOF OF HIZBALLAH PARTICIPATION IN THE ATTACKS.

17. AMBASSADOR EIZENSTAT ASKED ABOUT SYRIA'S INFLUENCE OVER THE MIDDLE EAST PEACE PROCESS. SALLOUKH SAID SYRIA AND LEBANON WERE LIKE "TWIN" COUNTRIES. THERE IS SO MUCH INTERMARRIAGE THAT THEY ARE INSEPARABLE. THIS IS THE CASE, HE SAID, FOR BOTH CHRISTIAN AND MUSLIM FAMILIES IN LEBANON AND SYRIA. HE NOTED THEY WERE ADMINISTERED AS ONE UNIT DURING THE PERIOD OF OTTOMAN RULE.

ECONOMIC RECOVERY STILL STALLED

18. AMBASSADOR EIZENSTAT ASKED ABOUT PRIME MINISTER HARIRI'S HORIZON 2000 PLAN FOR DOUBLING PER CAPITA GDP IN TEN YEARS. SALLOUKH SAID IT WAS GETTING A GOOD RECEPTION IN PARLIAMENT. HE BEMOANED THE LACK OF AVAILABLE OUTSIDE ASSISTANCE. HE SAID THAT ARAB SOURCES HAD DRIED UP. THE MONIES, FOR EXAMPLE, THAT LEBANON HAD BEEN PROMISED AT THE TIME OF THE TAIF ACCORD HAD BEEN DIVERTED DUE TO THE GULF WAR. HE HOPED THAT THE RECENT WORLD BANK ASSISTANCE OF USD 175 MILLION WOULD PROVE A CATALYST FOR OTHER DONORS, BUT ADMITTED LEBANON'S REFUSAL TO JOIN THE MULTILATERALS WOULD PROBABLY CONTINUE TO BE A STUMBLING BLOCK TO MAJOR OUTSIDE ASSISTANCE.

19. IN THE EVENT THAT LEBANON JOINS THE PEACE PROCESS AND INTERNATIONAL AID IS UNFROZEN, AMBASSADOR EIZENSTAT ASKED ABOUT WHICH SECTORS COULD BENEFIT MOST FROM INVESTMENT. SALLOUKH RESPONDED THAT LEBANON'S AGRICULTURE AND INDUSTRY NEEDED ASSISTANCE THE MOST. LEBANESE AGRICULTURE HAS BEEN PARTICULARLY HARD-HIT BY THE LACK OF OUTSIDE MARKETS. SALLOUKH CITED THE EU, WHICH SLAPS A TWENTY-SEVEN-AND-HALF PERCENT TARIFF ON IMPORTED FRUITS FROM LEBANON. HE WAS ALSO ADAMANT THAT MORE MONEY SHOULD NOT GO INTO THE REAL ESTATE SECTOR. GULF ARABS' PURCHASES WERE DRIVING UP PRICES IN THE BEIRUT REAL ESTATE MARKET TO SUCH LEVELS THAT MOST LEBANESE COULD NOT AFFORD TO BUY. HE SAID PROPERTY PRICES WERE HIGHER THAN IN WEST EUROPEAN CITIES. WHAT REMAINS OF LEBANON'S MIDDLE CLASS SUFFERS FROM THE RISE IN PROPERTY PRICES, WHILE THE OVERALL ECONOMIC HARDSHIPS HAVE FED DISCONTENT IN BEIRUT'S "POVERTY BELT."

110. SALLOUKH THOUGHT PROSPECTS WERE BRIGHT FOR THE TOURIST TRADE ONCE PEACE IS FULLY RESTORED. LEBANON ENJOYED 250 KILOMETERS OF SEASHORE AND PLENTY OF HISTORICAL SITES TO INTEREST THE FOREIGN VISITOR. SALLOUKH SAID SOME OUTSIDE MONEY WAS BEGINNING TO FLOW IN TO REBUILD THE LUXURY RESORTS ALONG THE COAST.

EU-LEBANESE TIES ON THE THIN SIDE

111. AMBASSADOR EIZENSTAT ASKED ABOUT THE STRENGTH OF EU-LEBANESE TIES. SALLOUKH SAID HE TRIED TO INTEREST HIS GOVERNMENT IN UPGRADING THE 1977 TRADE AND COOPERATION ACCORD IN VIEW OF THE EU NEGOTIATIONS WITH OTHER MASHREK AND MAGHREB COUNTRIES. HOWEVER, THE EU IS NOT INTERESTED UNTIL LEBANON JOINS THE MULTILATERAL PROCESS. HE REITERATED THAT THE LEBANESE GOVERNMENT WILL NOT JOIN THE MULTILATERAL UNTIL THERE IS PROGRESS IN THE BILATERALS. THEREFORE, EU-LEBANESE TIES SUFFER FROM AN "IMPASSE." IN CLOSING, AMBASSADOR EIZENSTAT

ASSURED HIM OF U.S. DETERMINATION TO ACHIEVE A LASTING
PEACE IN THE REGION AND THE HOPE THAT U.S.-LEBANESE TIES
CAN BE STRENGTHENED.

(DRAFTED:POL:MBURROWS;CLEARED:POL:PHILBURN;
ADCM:JGREENWALD; APPROVED:AMB:SEEIZENSTAT.)

EIZENSTAT